

SURREY COUNTY COUNCIL

CABINET

DATE: 26 MAY 2020



**REPORT OF: MR MEL FEW, CABINET MEMBER FOR FINANCE AND
LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR OF RESOURCES**

LEAD OFFICER: EXECUTIVE DIRECTOR RESOURCES (S151 OFFICER)

SUBJECT: 2019/20 OUTTURN FINANCIAL REPORT

SUMMARY OF ISSUE:

This report reviews the County Council's 2019/20 financial performance for revenue and capital. It also includes the year end Treasury Management and Debt outturn. Further details on Service budgets are to be found in **Annex 1**.

Key Messages - Revenue

- I am pleased to report that for the third year the Council has achieved its budget without the need to rely on reserves.
- The final outturn for the year is a small surplus of £0.2m, after transferring the unused budget contingency of £8.9m to reserves and other transfers to reserves of £5.1m.
- The Council achieved £72m (c88%) of the £82m target of efficiencies including transformation programmes set up at the beginning of the financial year. The total efficiencies over the last 3 years totals circa £200m. The position reflects a turnaround of £0.3m from M11. This result is due to improvements across many services, broadly attributable to the following:

An overall Service Improvement of £5.6m, comprising of:

- **£1.6m Central Income & Expenditure** – an increase of business rate Section 31 and other grant funding (£1m), upside on net interest payable (£0.6m)
- **£0.9m Children, Families, Lifelong Learning and Culture (CFLC)** – recovery from schools and academies in relation to children's centres.
- **£0.9m Environment, Transport & Infrastructure (ETI)** – lower waste management costs including a reduction in waste disposal prices.
- **£0.8m Resources** - increased underspend in IT&D due to the timing of payments relating to application and software licence costs.
- **£0.8m Adult Social Care (ASC)** - Learning Disability care packages being lower than previously forecasted.

- **£0.3m Transformation, Prosperity & Partnership (TPP)** – underspend in HR&OD mainly relating to training, partially off-set by increased body storage and staffing costs within the Coroners service.
- **£0.3m Community Protection (CP)** – reduction in the cost of fuel for Fire service vehicles.

Offset by:

- **£0.2m Public Health** – small changes due to increased spend across different projects and corporate recharges.

Note that the 2019/20 financial position only includes £0.9m of COVID-19 related costs and loss of income. This is discussed further by the COVID-19 government funding (para 18-19).

Key Messages - Capital

The Council set a capital budget for 2019/20 of £129.2m in February 2019. Over recent months the budget has been adjusted for an in-year review leading to re-profiling of budgets to future years to reflect the current position on programme delivery, new schemes and reviews. As a result, the current 2019/20 capital budget was revised to £126.7m. Capital Programme spend for the year against this budget is £117.2m, which has resulted in £9.5m (7.5%) slippage of the programme. This is an increase in slippage of £2.4m since M11. Details are set out in **Table 5**.

The Council entered into a Sale & Leaseback arrangement with Surrey and Borders National Health Trust in March 2020, requiring a capital investment from the Council of £25.4m (£24.9m in 2019/20 with fees to be confirmed) in return for an initial annual rental income at a cost neutral position.

RECOMMENDATIONS:

The Cabinet is asked to:

1. Note the Council's revenue and capital financial positions for the year.
 - £0.2m surplus against the original 2019/20 budget that will be added to the General Fund Reserve;
 - Contributions to reserves adding £2.8m to General Fund Reserve (inclusive of the £0.2m surplus), as set out in paragraphs 13-14;
 - Use of £13m capital receipts in-year to support transformation (paragraphs 11-12); and
 - £117.2m service capital expenditure against £126.7m budget.
2. Approve the Council's newly created reserves for Children, Families, Lifelong Learning & Culture Inspection and System renewals (£1.2m) and COVID-19 Emergency Funding (£24.3m) (paragraphs 15-16).

REASON FOR RECOMMENDATIONS:

Note this report is to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval of any necessary actions.

Revenue Budget

1. **Table 1** below shows the revenue financial position for the year by Service. **Annex 1** (attached) provides more of detail service outturn.

Table 1 - Summary revenue financial position as at 31 March 2020

Directorate	Cabinet member(s)	Full Year Budget £m	Outturn £m	Variance £m	Change in forecast since last month £m
Children, Families, Learning & Culture (CFLC)	M Lewis / J Iles	243.4	246.1	2.7	(0.9)
Public Health	S Mooney	30.2	30.0	(0.2)	0.2
Adult Social Care (ASC)	S Mooney	364.0	362.6	(1.4)	(0.9)
Environment, Transport & Infrastructure (ETI)	D Turner-Stewart/ M Furniss/ M Goodman	129.0	129.2	0.2	(0.9)
Community Protection (CP)	D Turner-Stewart	34.5	33.7	(0.9)	(0.3)
Resources (Res)	M Few/ Z Grant- Duff	71.2	70.2	(1.0)	(0.8)
Transformation, Partnership & Prosperity (TPP)	T Oliver/ Z Grant-Duff/ C Kemp	14.7	15.3	0.6	(0.2)
Central Income & Expenditure (CIE)	M Few	(887.1)	(892.3)	(5.2)	(1.6)
Directorate surplus before reserves		0.0	(5.3)	(5.3)	(5.4)
Increase to the 2020/21 Contingency			2.5	2.5	2.5
Contribution to the General Fund Reserve*			2.6	2.6	2.6
Outturn surplus to general fund balances		0.0	(0.2)	(0.2)	(0.3)

*The total contribution to the General Fund Reserve is £2.8m (inclusive of the £0.2m surplus)

Note: The Public Health grant is now shown within Central Income & Expenditure.

Note: All numbers have been rounded which might cause a difference.

Children, Families, Lifelong Learning & Culture (CFLC) Directorate

2. In the CFLC Directorate, the number of pupils requiring Special Education Needs (SEN) transport continued to rise in a similar pattern to previous years. The Transport Review identified mitigations to reduce some of these costs, however the overspend for SEN Transport was at £2.9m. There was also an increase in the cost of mainstream and alternative provision transport leading to an overall budget overspend on transport of £3.9m for this year.
3. Despite a reduction in the number of external residential placements and external fostering; the placements have remained above initial estimates.
4. A key area of risk for the Council is in Special Educational Needs and Disabilities (SEND), which is funded through the Dedicated Schools Grant (DSG) High Needs Block (HNB). The main driver of this overspend is the increase in the number of Non-Maintained Independent (NMI) placements (a significant factor in the cost of SEND) which rose to 1,231 by the end of March 2020. This is 107 placements higher than forecast in the SEND reset business case. This has led to a full year overspend of £1.0m on the DSG HNB and therefore a further £1m needed to the contribution to the offsetting reserve (an overspend on the budgeted contribution). The overall outturn for the HNB is an overspend on SEND of £30.0m in 2019/20. If the overall number, or unit cost, of these placements are not reduced there is a significant risk to remaining within budget in 2020/21.

2019/20 Schools Outturn

5. Surrey's final DSG budget for 2019/20 was £481.3m net (£861m gross of academies and college SEND places). In total the DSG blocks overspent by £22.4m, which is summarised in Table 2 below:

Table 2 - Dedicated Schools Grant variances 2019/20

Block	Over/(under) £m
Schools	(3.8)
Central services schools	0.2
High needs	30.0
Early years	(3.8)
	22.4

Note: All numbers have been rounded which might cause a difference.

6. The underspend on schools was mainly due to the following:
- Contingency budget brought forward from 2018/19 (£1.0m);
 - Un Business rates changes related to academy conversions and trust school conversions (some related to prior years) (£0.8m);
 - Local learning funds set aside for initiatives to improve inclusion (£0.4m); and
 - Sums set aside for growing schools and falling rolls protection (£1.5m); these budgets require specific annual approval from Schools Forum.

The schools outturn was discussed with the Schools Forum on 30 April 2020.

7. Surrey is funded for early years provision on the average of January 2019 and January 2020 censuses, but must fund providers using the average of three termly censuses. The difference between the two count bases is a funding risk and the underspend is largely due to the termly average being lower than the January average. This underspend has been utilised in the 2020/21 funding allocations by increasing inclusion and early intervention funding.

Schools Balances

8. Surplus balances held by individual Surrey maintained schools have reduced by £2.4m in 2019/20. Table 3 explains the reasons for this decrease:

Table 3 – Schools Balances

	£m
Surplus balances held by schools which were maintained by LA at 31 Mar 2019	40.6
Reduction in balances of continuing schools during 2019/20	(0.2)
Surplus balances transferred to academies which converted between April 2019 - March 2020	(2.2)
Deficits funded by Council	0.0
Surplus balances held by schools which were LA maintained at 31 March 2020	38.2

Adult Social Care (ASC) Directorate

9. While the outturn reflects and underspend for the year of £1.4m it must be noted that the service under achieved the care package efficiencies budgeted for 2019/20 by some £5.9m. This underachievement is being largely offset by one-off underspends and some additional income. Given the challenges ASC has faced in 2019/20, delivering an underspend represents a significant achievement.
10. However, excluding any impact at this point of the COVID-19 event, significant underlying budget risks remain for 2020/21.
11. During 2019/20, £13m of revenue expenditure was invested in the transformation programme. This resulted in the achievement of £38.5m of targeted efficiencies. This investment was funded by the flexible use of capital receipts, as enabled by the MHCLG guidance and approved by full Council in February 2019.
12. The £13m incurred was less than the original budgeted £22m for 2020/21, due in part to the Transformation Refresh, agreed by Cabinet in January 2020, and in part due to reprofiling of planned expenditure against some of the transformation projects. The underspend will be carried forward to progress the refreshed transformation programme. This programme will be subject to review in light of the current COVID-19 outbreak.

Supporting and Building financial resilience in 2020/21

13. As a result of a positive outturn position, finances are in place to ensure the continued delivery of corporate initiatives, as well as increasing financial resilience in 2020/21:
 - Increasing the 2020/21 Contingency to £32m by passporting the residual £8.9m balance of the 2019/20 Contingency to 2020/21 and adding £2.5m from the outturn surplus. In addition, the £1.4m call against the Contingency by ETI for LED conversion project in 2019/20 will be repaid in 2020/21. This was due to additional time needed to complete the legal and technical reviews and secure lender approvals, this had a subsequent effect on the refinancing of the PFI contract; and
 - Adding £2.8m to the General Fund Reserve (inclusive of the £0.2m surplus), to bring the total to £24.1m (a 13% increase to the Reserve).
14. In summary, despite ending the year with the uncertainty around the financial impact of COVID-19, we are able to commence 2020/21 financial year in a stronger position, with a greater Contingency and General Fund Reserve

15. Within Financial Regulations, the creation of any reserve will be subject to approval from Cabinet, upon the advice of the S151 Officer. Increases in existing reserves are approved by the Executive Director following consultation with Deputy S151 Officers and the Cabinet member for Finance
16. Two additional reserves have been created - CFLC Inspection and System Renewals (£1.2m) and COVID-19 Emergency Funding (£24.3m):
 - The purpose of the CFLC Inspection and System Renewals reserve is to fund additional cost in preparation for the OFSTED re-inspection as well as reviewing and renewal of the monitoring and recording case system for children social care services funded from a review of the revenue unapplied grants.
 - The purpose of the COVID-19 Emergency Funding is to support the authority to fund the loss of income and extra costs for 2020/21, which has been funded by the Government's COVID-19 grant (para 18-19).

COVID-19 costs

17. The COVID-19 pandemic which emerged towards the final stages of the 2019/20 financial year, has created much turmoil in the economy with associated repercussions for the Local Government sector, from a resourcing and financial perspective.
18. On 27th March, Surrey received £25.2m of the £1.6bn available for Local Authorities to cover the costs and loss of income associated with the crisis. As part of outturn, £0.9m of 2019/20 COVID-19 costs and loss of income were confirmed, these will be offset against the £25.2m grant and the balance of £24.3m will be carried forward to fund pressures in 2020/21.
19. On the 28th April the Council was advised an additional £21.8m of second tranche funding to cover COVID-19 related costs and income loss would be paid by Government which has been received post year end closure.
20. The Council included £82m of efficiency proposals in the annual budget approved by Council in February 2019. £72m (88%) has been achieved. Whilst there has been £10m of non-delivery, services have been able to deliver alternative one-off measures to compensate.
21. Directorate efficiencies are shown in **Table 4** below.

Table 4 – Final Efficiency outcome

Directorate	Full Year Target	Outturn	Variance	Last Month
	£m	£m	£m	£m
Children, Families, Lifelong Learning & Culture	21.7	19.0	2.7	2.8
Adult Social Care	20.0	20.0	0.0	0.0
Public Health	1.0	1.0	0.0	0.0
Environment, Transportation & Infrastructure	11.9	7.6	4.3	3.0
Community Protection group	0.0	0.0	0.0	0.0
Transformation, Partnership & Prosperity	3.4	2.5	0.9	0.8
Resources	11.0	8.9	2.1	2.3
Central Income & Expenditure	12.6	12.6	0.0	0.0
Total	81.6	71.6	10.0	9.0

22. The £10m non-delivery is comprised of the following:

- **Project delays (£1.6m):** primarily due to ETI LED conversion project (£1.4m)
- **Decisions taken not to pursue savings (£5m):** Reducing commercial investment activity (£2.7m); renegotiation of ORBIS contribution rates (£1.4m); Changes at Community Recycling centres (£0.6m) and review of concessionary fares scheme (£0.3m)
- **Specific Savings not identified (£6.5m):** Looked after children (£3m); Highways (£1.5m); TPP (£2m)
- **Savings shortfalls against original targets (£2.4m):** mainly due to: contract reviews, income reviews, Countryside review, waste & recycling initiatives and marginal gains within ETI (£1.2m); legal case management efficiencies, members' allowances and Orbis business plan efficiencies in Resources (£0.7m); and reconfiguration and contract recommissioning (£0.3m) within CFLC.

Off-set by:

- **Compensatory savings or underspends (£5.5m)** - Greater reduction in concessionary fare volumes (£0.8m); application of transport grants (£0.2m); review of inventory accounting transactions leading to a write off of £1.5m; additional income from interest arbitrage (£1.2m); over-achievement in library saving (£0.6m) and alternative one-off efficiencies within the HR&OD, Economic Development & Insights, Analytics and Intelligence within TPP (£1.3m).

Capital Budget

23. The M12 budget of £126.7m is an increase of £2.5m from M11. This is as a result of:

- £0.7m additional schools' expenditure which will be funded by third party contributions, including the Devolved Formula Grant;
- £0.2m - Capitalisation of externally funded and revenue funded work in Environment; and

- £1.6m - Capitalisation of externally funded and revenue funded work in Highways and Transport.

24. **Table 5** below provides a summary of the outturn for the 2019/20 Capital budget, including the re-profile requests.

Table 5 - Summary capital spend for 2019/20

		Full year budget £m	Full year actual £m	Full year variance £m	Full year forecast variance at month 11 £m	Change in forecast since last month £m
Adult Social Care	S Mooney	1.9	1.8	(0.1)	0.3	(0.4)
Children, Families, Lifelong Learning & Culture	M Lewis / J Iles	8.7	8.0	(0.7)	(0.8)	0.0
Environment	M Goodman	1.2	1.0	(0.2)	(0.2)	(0.0)
Highways & Transport	M Furniss	61.7	53.7	(8.0)	(6.2)	(1.8)
Information Technology & Digital	Z Grant-Duff	8.0	7.8	(0.2)	0.1	(0.3)
Property Services	M Few	23.3	25.8	2.5	1.6	0.9
Schools Basic Need	J Iles	19.5	18.5	(0.9)	(0.4)	(0.5)
Community Protection	D Turner-Stewart	2.4	0.6	(1.8)	(1.6)	(0.3)
COVID-19 - Coroner's Equipment		0.0	0.1	0.1	0.0	0.1
Overall		126.7	117.2	(9.5)	(7.1)	(2.4)

Note: All numbers have been rounded - which might cause a casting difference

25. Capital Programme spend for the year was £117.2m, this has resulted in £9.5m (7.5%) net slippage of the programme. This is an increase in slippage of £2.4m since M11. This is primarily comprised of the following:

Underlying additional slippage of £3.0m:

- Highways and Transport - £1.8m (incl. £0.9m Street Lighting and £0.4m on LEPs schemes)
- Schools Basic Need - £0.5m
- Adult Social Care - £0.4m (incl. £0.3m Capital Equipment)
- Community Protection - £0.3m (incl. £0.2m Joint Transport Project)

Offset by:

- Property accelerated delivery (£0.5m Priority Schools Building Programme and £0.5m maintenance)

26. The capital position was reprofiled twice during the year (in M2 and M7) to more accurately reflect the delivery of the programme.

27. At present, there is a significant piece of work being undertaken to review and reprofile the 2020/21 Capital Programme which was approved by Council in February 2020 to accurately reflect both the total quantum of the spend and also the in-year profile following the Covid 19 pandemic which has impacted all sectors of the economy.

Balance Sheet Indicators

28. The Council reports on a quarterly basis on the following key balance sheet indicators, which are presented in **Annex 2** (attached) and cover the following:

- Debt; and
- Treasury Management.

29. The Council's overdue debt stood at £27m at the 31 March 2020, an increase of £1m over the year. This has been driven by an increase in secured care debt due to a change in the national regulations. **Annex 2** provides further details on this.

30. The Council has continued its policy of minimising cash balances and exposure to low interest rates on short-term investments by internal and short term borrowing. **Annex 2** provides a further explanation of the impact of this policy on the Council's Balance Sheet.

CONSULTATION:

31. Executive Directors and Cabinet Members have confirmed their revenue and capital outturn positions.

RISK MANAGEMENT AND IMPLICATIONS:

32. Risk implications are stated throughout the report and each relevant director or head of service in consultations with their respective Cabinet Member have updated their strategic and or service risk registers accordingly. In addition, the Leadership Risk Register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council and the sustainability of the Medium Term Financial Plan. In the light of the financial risks faced by the Council, the Leadership Risk Register will be reviewed to increase confidence in Directorate plans to mitigate the risks and issues.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

33. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

SECTION 151 OFFICER COMMENTARY:

34. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and that the outturn has been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

The Council has a duty to ensure its expenditure does not exceed resources available. It is drawn to Members' attention that the Council continues to face ongoing uncertainty about future funding, demand pressures and efficiencies. Within this context the Council will continue to develop and implement plans to ensure the delivery of services are contained within resource.

LEGAL IMPLICATIONS – MONITORING OFFICER:

35. The Council is under a duty to set a balanced and sustainable budget. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available whilst continuing to meet its statutory duties.
36. Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.

EQUALITIES AND DIVERSITY:

37. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary. In implementing individual management actions, the Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
38. Services will continue to monitor the impact of these actions and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

WHAT HAPPENS NEXT:

39. The relevant adjustments from the recommendations will be made to the Council's accounts.

Contact Officer:

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020 8541 7246

Consulted:

Cabinet, Executive Directors, Heads of Service

Annexes:

Annex 1 – Detailed Revenue Outturn position

Annex 2 – Balance sheet Indicators – Debt and Treasury Management

Detailed Revenue Outturn position

Service	Cabinet Member	2018/19 Outturn £m	Full Year Gross budget £m	Full year net budget £m	Full Year Outturn £m	Full year net variance £m
Delegated Schools	J Iles	0.0	312.5	0.0	0.0	(0.0)
Education, Lifelong Learning & Culture	J Iles	86.1	285.1	97.4	98.6	1.2
Corporate Parenting	M Lewis	99.1	110.6	96.0	96.0	0.0
Commissioning	M Lewis / J Iles	11.4	66.2	6.0	6.3	0.4
Family Resilience	M Lewis	42.2	40.3	38.1	38.0	(0.1)
Quality Assurance	M Lewis / J Iles	6.1	10.4	8.6	8.2	(0.4)
Directorate wide savings		0.0	(2.6)	(2.6)	(1.0)	1.6
Children, Families, Lifelong Learning, and Culture		245.1	822.5	243.4	246.1	2.7
Public Health	S Mooney	0.1	30.3	30.2	30.0	(0.2)
Adult Social Care	S Mooney	359.6	488.2	364.0	362.6	(1.4)
Health, Wellbeing & Adult Social Care		359.6	488.2	364.0	362.6	(1.4)
Highways & Transport	M Furniss	64.4	73.6	59.0	54.6	(4.3)
Environment	M Goodman	69.1	73.9	69.3	73.2	3.9
Communities Support Function	D Turner-Stewart	0.5	0.4	0.4	0.3	(0.1)
Leadership Team (ETI)	M Goodman	0.0	0.5	0.3	0.9	0.6
Environment, Transport & Infrastructure		134.0	148.4	129.0	129.2	0.2
Fire & Rescue	D Turner-Stewart	31.4	36.3	32.1	31.3	(0.8)
Trading Standards	D Turner-Stewart	1.8	3.9	1.7	1.8	0.0
Emergency Management		0.4	0.5	0.5	0.4	(0.1)
Health & Safety		0.0	0.1	0.1	0.0	0.0
Military Covenant		0.0	0.1	0.1	0.1	0.0
Community Protection		33.6	40.9	34.5	33.7	(0.9)
Human Resources & Organisational Development	Z Grant-Duff	2.9	3.7	3.7	2.9	(0.9)
Insight, Analytics & Intelligence	Z Grant-Duff	1.3	3.8	3.1	2.6	(0.5)
Customer Services	Z Grant-Duff	3.0	3.3	3.1	2.9	(0.2)
Coroner	D Turner-Stewart	2.2	2.3	1.8	2.5	0.7
Strategic Leadership	T Oliver	0.9	1.2	1.2	1.3	0.1
Communications	Z Grant-Duff	1.5	1.4	1.4	1.2	(0.2)
Economic Growth	C Kemp	0.7	1.2	1.2	0.7	(0.5)
Transformation programme		0.0	1.1	1.1	1.2	0.1
Cross County			(2.0)	(2.0)	0.0	2.0
Transformation, Partnership & Prosperity		12.5	16.1	14.7	15.3	0.6
Joint Operating Budget ORBIS	Z Grant-Duff	33.5	31.9	31.9	33.7	1.8
Property	M Few	16.4	28.1	19.0	17.8	(1.2)
Information Technology & Digital	Z Grant-Duff	10.5	11.6	10.9	9.8	(1.1)
Finance	M Few	2.4	4.1	2.7	1.7	(1.0)
Legal Services	Z Grant-Duff	4.3	4.0	3.6	4.2	0.6
Democratic Services	Z Grant-Duff	3.5	3.4	3.2	3.0	(0.2)
Business Operations	Z Grant-Duff	0.0	(0.1)	(0.1)	0.0	0.1
Savings to find			0.0	0.0	0.0	0.0
Resources		70.7	83.1	71.2	70.2	(1.0)
Corporate Expenditure	M Few	42.6	52.6	41.3	56.3	15.0
Corporate funding		(898.6)		(928.5)	(933.1)	(4.6)
Directorate surplus before reserves		898.1	1,682.0	928.5	943.5	14.9
Contributions to reserves and General Fund balances		0.0		0.0	(10.5)	(10.5)
Outturn surplus		(0.5)		0.0	(0.2)	(0.2)

Balance Sheet Indicators

Debt

For the year to March 2020, the Council raised invoices totalling £432m. At the year-end, the gross debt outstanding on these invoices was £49.4m (c11%), representing a reduction of £2m from quarter 3. At year-end 2018/19 gross debt outstanding was £44.9m. Table 1 below shows the age profile of the debts as at 31st March 2020. The overdue debt is the gross debt less those balances not immediately due (i.e. less than 30 days old).

Table 1 – Age profile of the Council’s debt as at 31 March 2020

Account group	<1 month £m	1-12 months £m	1 to 2 years £m	over 2 years £m	Gross debt £m	Overdue debt £m
Care debt – unsecured	6.2	3.4	4.2	5.4	19.2	13.0
Care debt – secured	0.4	4.0	2.3	3.9	10.6	10.2
Total care debt	6.6	7.4	6.5	9.3	29.8	23.2
Schools, colleges and nurseries	2.5	-0.1	0.1	0.0	2.4	0.0
Clinical commissioning groups	6.7	0.5	0.5	0.1	7.8	1.1
Other local authorities	1.5	0.2	0.4	0.0	2.1	0.6
General debt	5.2	1.5	0.4	0.3	7.2	2.1
Total non-care debt	15.8	2.0	1.3	0.4	19.5	3.7
Total debt	22.5	9.4	7.8	9.7	49.4	26.9

Note: All numbers have been rounded - which might cause a casting difference

Borrowing

The Council borrows to finance its capital spending that exceeds receipts from grants, third party contributions, capital receipts and reserves. The Council’s long term debt stands at £436.2m. This reflects an increase of £39m to take advantage of low interest rates and lock them in for future year since the start of the year.

As at 31 March 2020, the weighted average interest rate of the Council’s long term debt portfolio remained 3.86%. The Treasury Strategy, approved by County Council in February 2019, continued the policy of internal borrowing and where necessary, to borrow short term to meet cash flow liquidity requirements. Table 2 shows a net £36.5m decrease in the Council’s short term borrowing activity since 1st April 2019.

Table 2 - Short term borrowing as at 31 March 2020

	£m
Debt outstanding as at 31 March 2019	255
Net movement since start of year	-36.5
Current balance as at 31st March 2020	218.5

Figures are for Surrey County Council only and do not include Surrey Police

The weighted average interest rate of the Council’s short term external debt is 1.06% at 31st March 2020.

Cash Investments

The Council's average daily level of cash investments was £41.5m during 2019/20, compared to an average of £41m during 2018/19. The Council invests temporary cash surplus exclusively through the use of money market funds (MMF). Other investment facilities are available, including: brokers, direct dealing with counterparties through the use of call accounts or direct deal facilities, or with the government's Debt Management Office (DMO). No new fixed term deposits have been agreed during 2019/20 due to the low cash balances held and the need to maintain high liquidity.

Table 3 shows the weighted average return on all investments the Council received in the quarter to 31st March 2020 is 0.63%. This compares to the 0.43% average 7-day London Interbank Bid Rate (LIBID) for the same period

Table 3 - Weighted average return on investments compared to 7-day LIBID

	Average 7-day LIBID	Weighted return on investments
2019/20 Quarter 4	0.43%	0.63%
2019/20 Quarter 3	0.57%	0.68%
2019/20 Quarter 2	0.57%	0.71%
2019/20 Quarter 1	0.57%	0.75%
2018/19 Quarter 4	0.57%	0.76%
2018/19 Quarter 3	0.49%	0.70%
2018/19 Quarter 2	0.51%	0.58%
2018/19 Quarter 1	0.36%	0.21%

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